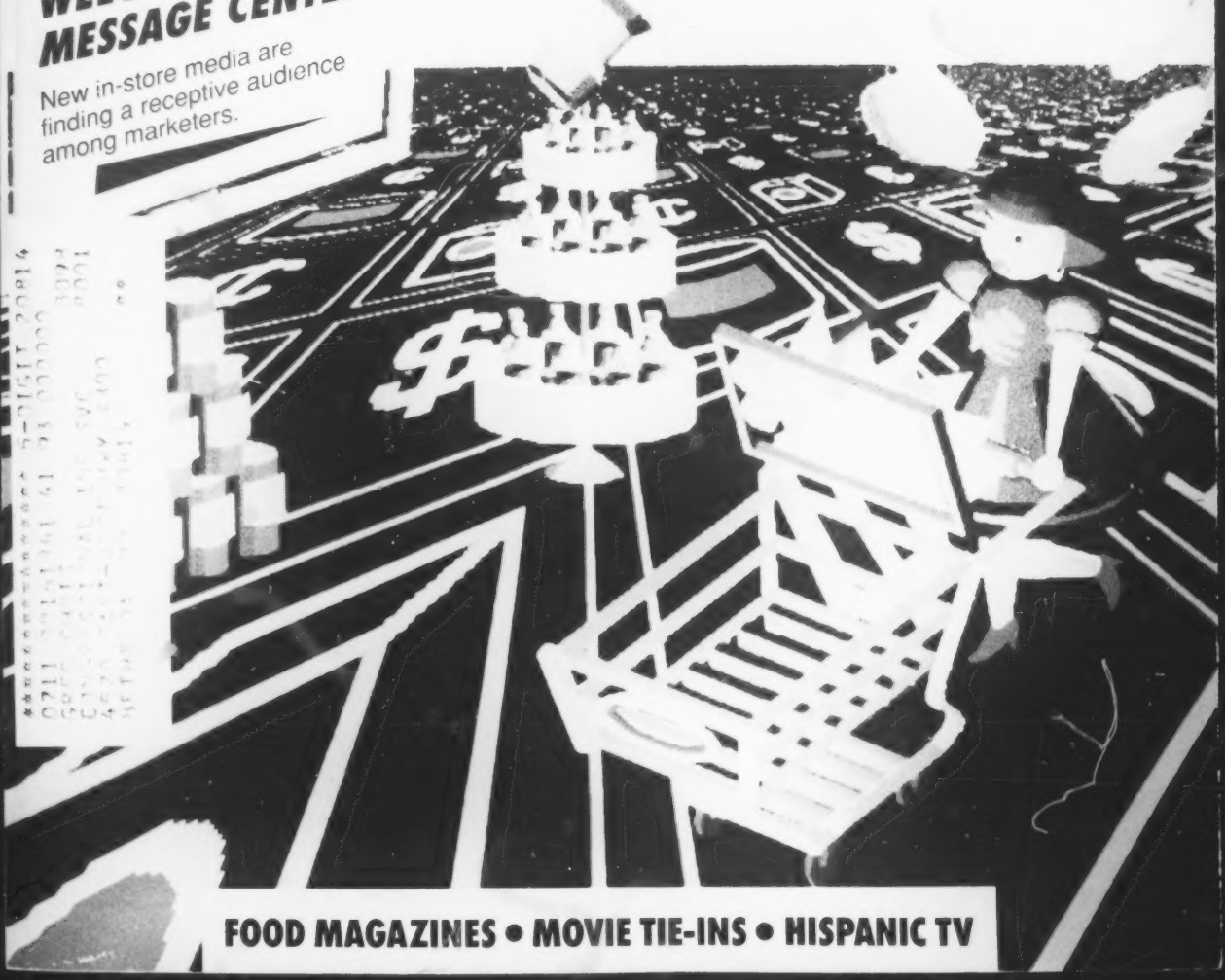
# MARKETING & MEDIA DECISIONS

NOVEMBER 1988 • $4.00

## WELCOME TO THE MESSAGE CENTER

New in-store media are finding a receptive audience among marketers.



**FOOD MAGAZINES • MOVIE TIE-INS • HISPANIC TV**

MARKETING & MEDIA
DECISIONS

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## Hispanic television is getting closer to its treasured goal of an increased share of national marketing dollars.

*by Joe Mandese*

Saul Steinberg, the financial wizard and prototypical corporate raider, took the podium at a recent luncheon for agency media executives high atop Rockefeller Center. As chairman, CEO, of the Reliance Capital Corp., the portly Steinberg is used to putting the touch on high-powered investors. But this pitch was different: It was to media planners on behalf of Reliance's fledgling Spanish-language tv network, Telemundo.

As the planners finished their lunch, Steinberg told them that during the preceding cocktail hour, he spotted senior vice president of programing and promotion Carlos Barba "talking to the devil." The devil had offered Barba an 8% share of the U.S. ad market — the percentage Hispanics represent of the U.S. population. In exchange, the devil wanted Barba's soul, as well as those of his wife and children. "Carlos looked at him," recounted Steinberg, "and said, 'What's the catch?'"

Such is the zeal with which new Anglo players like Steinberg are approaching a transformed Hispanic tv marketplace. Two years ago, this specialized option was characterized as a sleepy business dominated by a sole network that did business with a string of ethnic shops. Today, it is an industry of two Anglo-backed Hispanic networks — Univision, which reaches 84% of U.S. Hispanics, and Telemundo, which expects to reach 70% by year's end — that appear willing to sell their souls to *el diablo* for a bigger share of mainstream ad dollars.

They probably won't have to go that far. Planners, their bosses and their clients are increasingly willing to listen to the pitch, and with good reason. Hispanics are America's fastest growing ethnic market, and if Census Bureau projections are to be believed, they will continue to grow at rates far exceeding the general population.

Conservative estimates indicate that Hispanics represent 8% of the U.S. population, and a *Hispanic Business* analysis of Census data projects that the percentage of Hispanics in the U.S. population will double by the year 2010. The magazine also estimates that Hispanic "purchasing power" will rise from a 1988 total of $129.5 billion to $183.2 billion by 1991.

While most marketers have yet to bring their Hispanic media budgets to parity with these statistics, some are closing the gap. "It's a viable, growing consumer segment that supports our product. So, for us to not reach out to them in their own media would not be very good business," says Evelinda Urman, assistant national program manager of Coors, which places 8-9% of its budget in Hispanic media.

Unlike other ethnic groups, Hispanics tend to retain their own language. According to the 1987 U.S. Hispanic Market Study by Miami-based Strategy Research Corp. (SRC), 70% of U.S. Hispanics speak only Spanish at home, while 18% speak both Spanish and English at home. Almost 17% cannot speak English and about 22% cannot

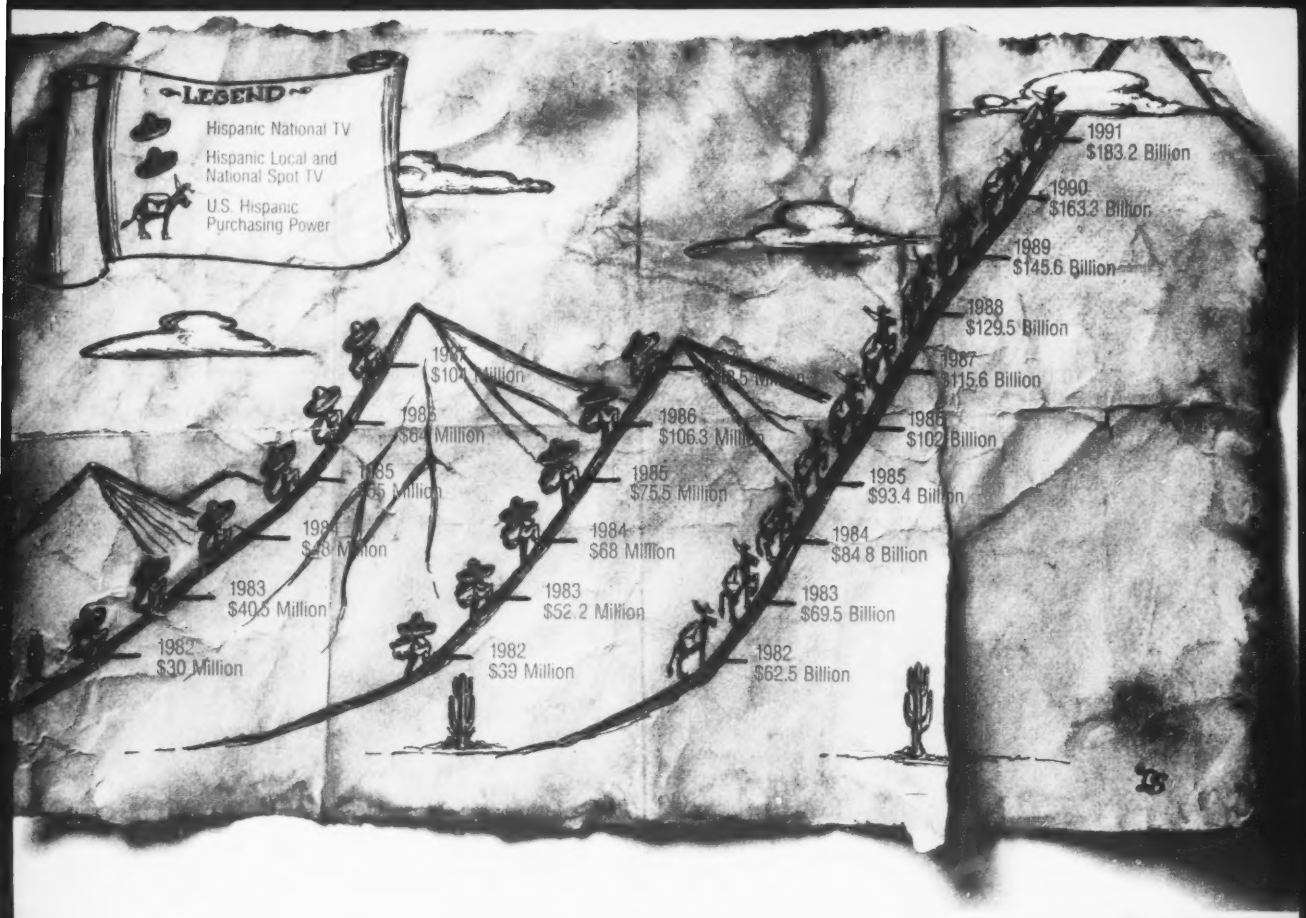



ILLUSTRATION BY DAVE SPERENZA

read English.

Although there is no agreed-upon data on what percentage of Spanish-language media Hispanics use versus English vehicles, SRC estimates two-thirds of all Hispanics watch Spanish-language tv, though not necessarily to the exclusion of Anglo tv.

"You can't assume that because you have Spanish-language television networks, that's all Hispanics are going to watch," notes Doug Alligood, vice president of special markets for BBDO. According to a recent agency analysis of Hispanic viewing of prime-time Anglo network programs, some major-network shows index higher than the U.S. average for Hispanics, including ABC's *Who's The Boss?* and NBC's *Miami Vice*. However, Alligood cautions that due to heavy prime-time competition by Hispanic networks, the Anglo network shows generally underdeliver against Hispanics as a percentage of total viewers, making most Anglo shows a poor buy if Hispanics are the primary target.

Meanwhile, Univision and Telemundo are pouring oodles of money into program production to maintain or better their hold on this audience. While the staple of Hispanic tv continues to be imported Latin American *novelas* (similar to Anglo soap operas), Telemundo now boasts that 45% of the 62 hours it feeds to its stations are U.S.-based shows. Univision currently produces about 20% of its programing domestically and hopes to bring it up to about 40% within the next two years.

"You obviously have to have your Anglo communications vehicles, and you're going to reach a large segment of the Hispanic population with that," says Allan Marcy, senior manager/business analysis and advertising for the Dial Corp. "But you also need some Spanish-language communications, because there is a large segment of the Hispanic population that doesn't speak English."

The problem is, nobody knows what the exact relationship of Hispanic to Anglo media should be. Although the Hispanic media claim the 8% population figure would be a "fair share" of national ad budgets, the amount of ad budgets earmarked for Hispanic media ranges from one to 10%, according to a 1987 American Management Association report. "Although higher expenditures may be needed during a launch year," states the report, "the longer a company has been in the market, the lower the percentage that goes to Hispanics."

Despite the dramatic influx of Hispanics into the U.S. population, Hispanic media commands less than a 1% share of the national ad pie. According to *Hispanic Business*, only $490.7 million was spent on U.S. Hispanic media in 1987, compared to nearly $110 billion for the U.S. total. The good news for the Hispanic media, however, is that Hispanic-targeted spending is rising faster than the general market. While the U.S. ad total rose only 8.4% in 1987, the Hispanic share rose 23.2%. And with Hispanic population growth expected to continue outpacing

that of the general population, Hispanic media is projected to sustain at least those levels of gains into the next century. With that in mind and with a flattening of the mainstream media business, it is easy to understand why major Anglo companies are getting into Hispanic media.

The momentum began two years ago when the FCC forced the management of the sole U.S. Hispanic network, SIN (Spanish International Network), to divest because of foreign-based ownership. The company was acquired by Hallmark and First Chicago Venture Capital and renamed Univision. At about the same time, Steinberg's Reliance Capital acquired a group of Hispanic stations from the John Blair Co. and created his own network, Telemundo.

***Dial's Marcy favors a mix of Hispanic and Anglo buys.***

Combined revenues of the two firms now stand at $250 million, compared to $33 billion in the total Anglo tv marketplace. The two networks hope to narrow that gap through a combination of new U.S.-based program production, better salesmanship, improved audience research and patience.

Both networks are trying innovative approaches to stretch programing budgets that are miniscule compared to the Anglo networks. Telemundo says it is spending about $20 million while Univision says it is spending slightly more. A typical Anglo network spends about $1.5 billion annually.

Telemundo has had success tying in with existing Anglo formats. It currently airs *MTV International*, a one-hour, twice-weekly, Hispanic version of MTV, and *Telemundo-CNN*, a series of news programs jointly produced with CNN. "The way we hooked MTV and CNN was with revenue sharing," explains Telemundo president and CEO Henry Silverman. "There wasn't enough money to pay them on a pure license fee basis, but the attraction for them was that they believe as much as we do in the direction that we are going."

In fact, the Anglo networks have been trying to develop prime-time shows featuring Hispanic characters that have crossover appeal for Hispanics. ABC scrapped such a project, dubbed *Juarez*, but CBS aired several episodes of *Trial and Error*, a sitcom featuring Hispanic characters, before pulling it. CBS even simulcast a Spanish version of the audio track on radio stations in eight key markets.

NBC, meanwhile, became the first network to provide its affiliate stations with Spanish versions of its fall promo spots for the 1988-89 season. Other Anglo broadcasters are exploiting the crossover potential of their programing. Los Angeles independent KTLA, for instance, has been using the second audio program (SAP) channel of the stereo tv signal to broadcast a Spanish feed since 1984. The station currently airs about 25 hours of dual-language programing each week and recently became the first station in the country to air a bilingual tv commercial for the Rice Growers Association of California. "It's basically a new concept for most advertisers; they still treat it as a novelty," notes KTLA regional sales manager Dean Scheu, adding, "but with the increase in Hispanic households, it makes a lot of sense."

Tv syndicators also are trying to fulfill their crossover dreams. World Television is syndicating *Bravo*, a weekly talk-show hosted by Nely Galan, the "Oprah Winfrey of the Hispanic world." Each segment of the half-hour show is produced twice, first in English and then in Spanish. Meanwhile, All American Television is syndicating *Latin Connection*, a weekly show about Hispanics. Although the show is produced in English, a Spanish audio track is available on local radio stations. All American president George Back says the show has been marketed primarily to mainstream advertisers, because Hispanic agencies are ill-equipped to buy crossover media. "We discovered along the way that these agencies may not even have commercials available in English," says Back. While Anglo broadcasters explore the crossover potential of their programing, two cable networks hope to capture a share of the Hispanic market with news programing for Hispanics. Galavision, which began as a pay service for Hispanics, recently switched to ad-supported basic service and changed its format to a Monday-Friday, 24-

***Telemundo adapts Anglo formats like MTV (left), while Univision develops shows with Hispanic stars like Paul Rodriguez (right, pictured with Univision president Joaquin Blaya).***

***SCI's Gatell:* Sabado Gigante *has made Saturday a big night.***

hour news show called ECO. On weekends it shows sports and movies. The Spanish Television News Network plans to launch a similar all-news format in January.

Telemundo's and Univision's managements adopt the familiar posture that these efforts will be beneficial by raising awareness. "If NBC were to feed their entire lineup with a special Spanish feed on their stereo channel, it would be very easy for us to walk into any of NBC's advertisers and say, 'If you're really trying to reach Hispanics, why don't you advertise on Spanish television,' " says Telemundo's Silverman. "Competition is good for the marketplace," adds Univision president Joaquin Blaya. "It brings awareness and recognition."

Blaya adds that changing perceptions are becoming evident in that marketplace. For instance, he says an "upfront" market is emerging for new shows. Univision's new daytime women's show, *TV Mujer*, he says, pre-sold 10 major advertisers, including Lipton, Kraft and Polaroid. The clients, he feels, are willing to take risks on the new shows because they're specifically produced for the U.S.

While Latin American *novelas* remain some of the highest-rated Hispanic shows in the U.S., Telemundo airs a new *novela* produced in the U.S.. The show, *Angelica, Mi Vida*, even features a cross-section of the U.S. Hispanic population, with Mexican, Cuban and Puerto Rican characters.

The real new success story in Hispanic programing is a game show called *Sabado Gigante*. But not just any game show. *Sabado Gigante* is to Hispanic viewers what *Wheel of Fortune* is to Anglos. And advertisers seem to agree — Coca-Cola, Hershey and Procter & Gamble are among those stumbling over each other to buy one of the 12 sponsored segments that are sold for each of the three-and-a-half-hour long Saturday night shows.

"*Sabado Gigante* has changed the whole perspective of Saturday nights on Hispanic television," says Gustavo Gatell, media supervisor of Castor Spanish International, the largest independently-owned Hispanic ad agency. "We never had a Hispanic audience on Saturdays, but this show has created one. In certain markets it does better than ABC, CBS and NBC." According to SRC's spring sweeps, *Sabado Gigante* had a 38 rating among Hispanic households.

Besides higher ratings, U.S. marketers are moving more deeply into Hispanic tv because its environment, like cable, is much more hospitable than the Anglo networks. Sponsors' products are routinely plugged during shows.

"We like a live talk-show format like *TV Mujer* because it is something that gives us an opportunity to talk about our company and our new image," says J.C. Penney manager of special segments marketing/Hispanic markets Patricia Asip. She says the main reason companies like hers can do these sponsorships on Hispanic networks is because "they are more affordable" than Anglo tv.

Indeed, according to Telemundo's Silverman, cost per thousands are averaging about 50% of those for Anglo networks. He adds that part of the reason for the soft rates is because it is hard for Hispanic broadcasters to validate their ratings performance to clients. While Nielsen and Arbitron do special Hispanic analyses as part of their regular ratings, their methodology is not designed to measure Hispanic households and is believed to underreport viewing to the Hispanic networks. SRC, conversely, uses a door-to-door survey in areas of high Hispanic concentration, which is believed to overstate Hispanic viewing. As a result, buyers are left to haggle over the numbers.

All this may change soon. Recently, Telemundo and Univision joined forces to organize the Spanish Television Research Council, which has sent out requests for proposals for a new people-meter ratings system to measure Hispanic tv. The project, which is estimated will cost about $25 million to launch, would likely cost each of the networks about $3 million annually, with some nominal costs paid by agencies and advertisers.

Nielsen and Arbitron are expected to submit proposals soon, and the networks plan to begin testing a new ratings system in Los Angeles in 1988 with a national rollout planned by 1991. Meanwhile, Hispanic tv will continue to post gains on its perceived ratings levels. Says Telemundo's Silverman, "We know we've got viewers. Every time we change a show we get thousands of calls." In other words, Hispanic tv *es muy caliente*. ■

**1987-88**
**TOP 10 PRIME-TIME TELEVISION PROGRAMS**
**HISPANIC HOUSEHOLDS**

| | HH Ratings | | | Hispanic/Total |
|---|---|---|---|---|
| | Hispanic* | | Total** | Index |
| 1) Bill Cosby Show (NBC) | 29.9 | 1) | 30.4 | 98 |
| 2) Who's The Boss? (ABC) | 23.9 | 7) | 22.7 | 105 |
| 3) A Different World (NBC) | 23.3 | 2) | 26.7 | 87 |
| 4) Growing Pains (ABC) | 23.0 | 4) | 23.9 | 96 |
| 5) Cheers (NBC) | 19.9 | 3) | 24.7 | 81 |
| 6) Golden Girls (NBC) | 18.5 | 8) | 22.2 | 83 |
| 7) Moonlighting (ABC) | 18.0 | 12) | 19.4 | 93 |
| 8) Alf (NBC) | 17.9 | 14) | 18.5 | 97 |
| 9) Night Court (NBC) | 17.2 | 6) | 23.3 | 74 |
| 10) Family Ties (NBC) | 15.4 | 19) | 17.2 | 89 |
| 10) Miami Vice (NBC) | 15.4 | 41) | 13.8 | 112 |

*Source: BBDO; * 10 DMA-weighted averages; ** national prime-time ave.*

# RECIPES FOR

Jean-Jacques Rachou, chef at La Cote Basque, an exclusive New York restaurant, is opening a bistro this month where the average lunch costs only $20, compared to $40 at La Cote Basque. That's just one sign of the pragmatic turn that America's booming food business has taken recently. And where the business goes, so go the publishers who serve the field.

Epicurean magazines grew fat on those boom years. This year, however, in the midst of a particularly tight second half, growth has stalled. Though food marketers remain core advertisers for these magazines, publishers are looking to cook up business in new ad segments. Prime prospects: automotive, home furnishings, cosmetics and direct-response retail.

To some, the publishers' next course is only logical. George Mahrlig, director of media services at of Campbell Soup Co., sees nothing wrong with the food books trying to attract more ads by broadening their coverage. "They're not talking to one-dimensional people," he points out, "so they can address compatible interests."

Those non-food advertisers who use food books don't buy them for the food edit, but for an "upscale demographic skew," adds Bob Mancini, media director, Detroit, at DDB Needham Worldwide Inc., the agency for Audi. "They're like tennis or golf magazines — we don't necessarily buy a publication because its readers play tennis or golf," but because they do so as part of an indulgent lifestyle. He adds, "A magazine like that tends to involve the reader more because it has a special interest for them."

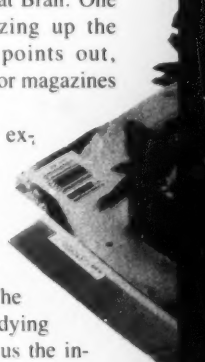
**In a field stuffed with options, food-book publishers are looking to vary the fare and expand their basic business into non-food categories.**

That's just what the epicurean publishers want to hear as they look to open their base while defending their food-specific niche against a groaning board of ad possibilities. Such food-marketing staples as the Seven Sisters (*Woman's Day, Family Circle, Good Housekeeping, Better Homes and Gardens, Ladies' Home Journal, McCall's, Redbook*) are out to recoup lost food pages. *Hall's Magazine Reports* August survey finds they dedicated an average 21.4% of their pages to food edit, and Publishers Information Bureau lists 1,706.8 food-related ad pages for the books for the first three quarters of 1988, down 2% from the same period in 1987. (Our six epicurean titles, meanwhile, were up 5%.) One of the Sisters, Meredith Corp.'s *Ladies' Home Journal*, will reformat its food editorial to align it more closely with the upscale food books; the new section debuts in February, accompanied by a snack-food promotion.

The Condé Nast "Package of Women" (*Vogue, Glamour, Mademoiselle, Bride's, Self*), recently sponsored a study, "Woman and Food II," which can be used to lure food ads into their pages. *Self*, in fact, launched "FoodStyles" in May, a biannual food-focused advertorial. October's "FoodStyles," is 18 pages, up from 16 in May.

Meanwhile, magazines from *Elle* to *Star* join regional media in serving the food category — *Sunset* publishes a cookbook, *New York* has regular food-related editorial and *Yankee* runs a recipe competition among readers. In a recent issue of Rodale Press's *Men's Health*, the "Eating Right" column faces an ad for Quaker Oat Bran. One epicurean publisher, sizing up the growing competition, points out, "*People* is one of the major magazines for food advertising."

Explains an ad-agency executive who prefers to remain unnamed, "We're representing a food advertiser, and the epicurean books don't need us." He continues, "The travel, lifestyle books are dying for our ads — they give us the in-



MARIA FERRARI

# GROWTH

*by Amy Alson*

centives."

Linda Brandt, media-planning manager for Nestlé Foods, agrees. "Women who bake read more than food magazines," she says. "There are other mass-reach magazines." In addition to editorial content and audience, she considers her ability to get preferred positions and rates.

So how do you keep your niche while expanding your base? That's what the major food books are looking to answer. Entries in SRDS (August 27, 1988) with circulation greater than 500,000 include Knapp Communications Corp.'s *Bon Appetit*; American Express Publishing Corp.'s *Food & Wine*; Condé Nast Inc.'s *Gourmet*; Triangle Communications Inc.'s *Good Food*; Southern Progress Corp.'s *Cooking Light*; and H.J. Heinz's *Weight Watchers Magazine*.

In addition, there are highly focused food books with smaller reach, such as *Cook's Magazine*, and even genre books for specific foods, such as *Chocolatier* with circulation of 335,831.

*Bon Appetit*, the biggest of the epicureans, has a circulation of 1.3 million. Beginning with the October issue, it has added a heavier cover stock and new graphics, and it has expanded its editorial well to 50% from 44% of total pages. There's more travel and entertainment coverage, but no fewer words on food.

"It's not

that food advertising was hurting from increased competition from other magazine categories," claims *Bon Appetit* publisher George B. Dippy III of the revamp. He maintains the changes came for a reader survey that showed interest in these topics.

While food is the book's largest category, "automotive is our largest growth category, we are growing in travel and home furnishings, and we'd love to have financial," Dippy says. "Cosmetics advertisers are giving us a long look" since the redesign, he adds. "All of the epicurean magazines have the kind of women who buy department-store cosmetics."

Demographically, *Bon Appetit* is in the middle of the market. Its readers' median household income is $46,509 (MRI Spring 1988), giving its readers the means to buy "high-quality prestige products," but not "luxury" goods, Dippy says. "We get DeBeers . . . not Black, Starr and Frost [the exclusive jewelers]. We're BMW, not Rolls Royce."

While *Bon Appetit* reaches more epicurean readers, *Gourmet* leads in ad pages. Acquired by Condé Nast in 1983 from the MacAusland family, who founded it in December 1941, *Gourmet*'s subtitle is "The magazine of good living." Thus, publisher Richard B. Barthelmes asserts with a nod to the current trend, "It's absolutely the very first lifestyle magazine."

That doesn't always help the cause. Mancini of DDB Needham comments, "Lifestyle is not one particular thing. It's not that you're into gourmet food or fine wines. When we build a plan we try to capture all these types of lifestyles. It's a matter of getting people that have a better opportunity to buy our products."

And Lauren Heller, a media supervisor on the Peugot Motors of America account at HDM Advertising in New York, says, "Everyone's in the lifestyle category — epicureans, sports, travel . . . It just means they're less vertical," and it doesn't necessarily make a magazine better or worse," she believes.

Yet this lifestyle orientation has paid off for *Gourmet* in the past. Its top ad categories are what everyone else in the category wants — travel, automotive, wine and spirits and household furnishings — and it leads second-ranked *Bon Appetit* by 187 pages through October, according to *Media Industry Newsletter*. But *Gourmet*'s ad pages are flat this year, following a 43% rise over four years.

"This year is tougher," admits publisher Barthelmes. "There's more competition at this end of the market, but not more dollars," he says. "A lot of magazines are adding columns about some of the subjects we cover . . . We find ourselves competing with *Traveler* [one year old and also owned by Condé Nast] and the revamped *Bon Appetit*."

*Gourmet*'s focus hasn't changed at all in five years, Barthelmes says, but it has become "more marketing oriented." That means promoting *Gourmet*'s broad cultural coverage, of which food is a part.

Food coverage continues to account for 44% of *Gourmet*'s edit well, the same as travel. But "increasingly we are using what we consider a 'travel cover,' " Barthelmes points out. "If you looked through it and didn't know what it was, you wouldn't say it's a food book . . . It's for people for whom it's important to dine well."

PETER YATES

> **"It's not that your into gourmet food . . . it's getting people that have a better chance to buy our products."**
>
> ***Bob Mancini***
> ***Media director,***
> ***DDB Needham, Detroit***

## FOOD MAGAZINE SCORECARD

| | Single Copies* | Subs* | Total Circulation* | +/– % U.S. Jan.-Sept., 1987 | Nine-Month Ad Pages Jan.-Sept., 1988† | +/– % U.S. Jan.-Sept., 1987† | Cost of One-Time 4/C Page†† |
|---|---|---|---|---|---|---|---|
| Bon Appetit | 87,776 | 1,220,289 | 1,308,065 | –1.3 | 701.72 | –.8 | 31,170 |
| Cooking Light | 75,168 | 489,741 | 564,909 | +7.6** | 184.35 | +73.7 | 14,400 |
| Food & Wine | 35,638 | 729,232 | 764,870 | +6.5 | 441.75 | –8.4 | 22,830 |
| Good Food | 272,519 | 451,184 | 723,703 | –23.5 | 176.37 | +38.5 | 10,650 |
| Gourmet | 90,837 | 715,254 | 806,091 | +1 | 847.15 | +2.7 | 22,570 |
| Weight Watchers | 163,246 | 812,032 | 975,278 | +4.8 | 295.89 | +5.0 | 19,355 |

*ABC FAS FAX, 6/88 6-mos. avg.
**6/30/87 not avail., comparison is vs. publisher's sworn statement for Jan-Feb 1988
†Publishers Information Bureau as reported by LNA
††publishers, rates cards

# BRAND REPORT

**No. 157: Allergy & Cold Medications**

# AAH-CHOO!!!

*by Paula Schnorbus*

Allergy and cold medications that used to just have antihistamines and decongestants to unstuff the nose are clogging store shelves with line extensions that are pretty stuffed themselves. Now you can get an analgesic or a cough suppressant thrown in and take it in capsule, caplet, tablet or liquid form. And most products are interchangeable. You can take a "cold" medication for allergies and vice-versa because they often relieve the same symptoms. "Congested" truly seems to be the word to describe the allergy and cold medication category.

But it hasn't hurt a bit — so far, anyway. Almost half of the consumers in this country are coughing up dollars for the products, according to Media-

## ALLERGY & COLD MEDICATIONS' 1987 MEDIA EXPENDITURES (000)

| | TOTALS | Network* Television | Spot* Television | Cable TV* Networks | Syndicated* TV | Network* Radio | Spot** Radio | Magazines | Sunday Magazines | Newspapers*** |
|---|---|---|---|---|---|---|---|---|---|---|
| Alka Seltzer Plus | $22 842.3 | 15 856.6 | 2 450.1 | 648.1 | 275.1 | 3 612.4 | | | | |
| Dimetapp | $22 748.7 | 9 375.6 | 11 945.4 | 3.1 | | | | 1 394.6 | | |
| Dyquil | $21 634.5 | 12 749.6 | 5 924.6 | 574.0 | 1 453.6 | | 751.7 | 181 | | |
| Contac | $17 755.6 | 12 972.0 | 1 248.2 | 397.7 | 1 102.0 | | | | | 35.2 |
| Benadryl | $16 608.8 | 11 191.6 | 2 744.2 | 160.4 | 316.8 | | | 2 295.6 | | |
| Comtrex | $15 664.6 | 13 246.6 | 315.9 | 278.9 | 1 726.2 | | | | | |
| Actifed | $11 266.4 | 9 392.4 | 12 | 120.0 | 298.1 | | | 1 449.2 | | |
| Sudafed* | $4 867.3 | 8 304.6 | 7.2 | 93.7 | 170.8 | | | 1 066.0 | 155.9 | 69.1 |
| Junior Triaminic | $4 965.4 | 2 793.4 | 82.5 | | 492.2 | | | 852.3 | | |
| [illegible] | $1 717.3 | | 18 | | | | 21.6 | 208.0 | | |

*Sources: *Broadcast Advertisers Reports (BAR); BAR/Leading National Advertisers; **Radio Expenditure Reports; ***Media Records; No outdoor expenditures were reported.*

SUSAN PIZZO

mark Research Inc. (See Index, page 104). Manufacturers' sales alone last year rose more than 10% to $800 million, and that's without mark-up that can be as high as 60% to 70%, according to Jim Saberton, senior consultant at Kline & Co., a Fairfield, N.J.-based market-research firm.

There is also a trend toward self-medication because of rising doctors' fees and the proliferation of prescription products that have gone over-the-counter. Consumers believe that if something was a prescription, or Rx, product, it's got to be good. They also believe that more is better, hence the multi-symptom relievers.

The Rx-to-over-the-counter (OTC) market may have taken a bite out of some classic OTC products like Contac, which also lost sales because of a poisoning scare with its products two years ago. Nyquil, however, is an OTC original that continues to be the number-one selling cold medication.

Prescription-heritage products should also keep an eye on private-label medications. *American Druggist* magazine says that, although the Rx heritage dominates in drugstores, it has "lost some of its luster" to other competitors, including private-label products.

**A trend towards self-medication is fueling the success of Rx-to-OTC conversions.**

***Children provide a rich market for line extensions.***

Gordon Compton, a group product manager with Miles Inc., comments that better-educated customers may buy generic products because they feel they contain the same ingredients as branded products. A less-educated customer may buy a branded product because a) he's heard of it, and b), it's more expensive "so it must be good."

Mediamark Research paints the basic heavy user of cold, sinus and allergy remedies as Southern women between 35-and-44 years of age. There are three or more people per household, meaning children. No wonder so many allergy and cold product line extensions are children's formulas.

To reach their target, manufacturers' preferred medium is network television. As a group they spent $208 million on the networks for their various cold, cough and sinus remedies last year, according to Broadcast Advertisers Reports. The second-biggest medium was spot tv, with a piddling $60.4 million in 1987 ad expenditures. A look at the first half of 1988 shows that soap operas and game shows on network tv are as popular as ever with advertisers, who also favor free-standing inserts in Sunday newspapers and other couponing, such as point-of-purchase coupon pads in stores.

Drugstores, the biggest outlet for allergy and cold medications, have been losing share, while supermarkets have been gaining share, according to Packaged Facts' cough, nasal and cold remedy report. There are more in-store pharmacy sections, and shoppers tend to visit supermarkets more often than drugstores.

And where there's a store shelf, there's a slotting allowance. When Miles Inc. was about to introduce its Alka-Seltzer Plus Night-Time Cold Medicine, it presented retailers with reams of research to prove why it should be on the shelves. Compton of Miles explains that "the feeling is, if you can show a good sales story, theoretically they should give you the space without having to pay for it." Compton claims that he isn't sure what the outcome of Miles' effort was.

One marketing consultant believes, however, that "in reality, the trade looks at a slotting allowance as a cost of doing business. They take into account computer changeovers, warehouse handling and all the direct expenses they incur. So you can show them all the research you have that the product is profitable, and they'll say, 'Terrific, but it costs me money every time I want to add an SKU.' "

Expensive as it might be to market in this field, Kline & Co.'s Jim Saberton says the allergy and cold medication category is on a roll. But he cautions, "If no new ingredients are added, the growth will slow." The next Rx-to-OTC product on the hit parade is expected to be Seldane, a non-sedating antihistamine by Merrell Dow Pharmaceuticals.

Following are the top 10 OTC allergy and cold medications with the greatest market share, according to Saberton of Kline & Co. and Packaged Facts. Even though the medications are mostly interchangeable as allergy and cold-symptom relievers, Saberton says that in the allergy category, Benadryl has more than 40% of the market and Chlor-Trimeton has over 30%. Allerest, once the leader, has dropped below 10%. In the cold category, Nyquil has a 12% share, and Alka-Seltzer Plus and Sudafed both have 9%, Saberton estimates, based on manufacturers' sales at food, drug and mass-merchandise outlets. Packaged Facts, which provides brand shares from drug and food stores that account for 92% of sales, lists the other major shareholders as Contac and Dimetapp, both 7%, Actifed 6% and Comtrex 5%.

## COLD MEDICATIONS

### Nyquil

The 22-year-old venerable, anise-flavored drinkable night-time cold medicine has been extending itself into new lines in the past two years. Nyquil, which is marketed by Richardson-Vicks, a part of Procter & Gamble, added a cherry flavor in 1986, and for the 1988-89 cold season, a children's formula has been introduced, sans al-

*Libby Riddles, a dog-sled race winner, provides a testimonial for Alka-Seltzer Plus.*

cohol. A bottle of regular Nyquil has a 25% alcohol content, which answers the question of why it is a "night-time" cold medicine.

The children's formula, for those six and older, contains a cough suppressant, nasal decongestant and antihistamine. The regular formula is recommended for children 12 and older.

Nyquil doesn't try to straddle the fence and go after allergy sufferers, too. The regular formula is said to be an antihistamine, pain reliever, cough suppressant and decongestant — in other words, it "relieves major cold and flu-like symptoms."

Tv is the principal medium for Nyquil. The 30-second spots were seen earlier this year on network tv during *Late Night with David Letterman, Sledge Hammer, Designing Women* and sports, soaps and game shows. On syndicated tv, Nyquil was seen on *Star Trek: The Next Generation* and *Sea Hunt* as well as on *Werewolf* from Fox and CNN on cable. There are also Nyquil FSIs.

LNA reports that in the first six months of this year, Nyquil advertised in *Reader's Digest* and *TV Guide*.

The children's formula will have its own creative that will appear in women's service magazines this fall. There will also be separate 15- and 30-second tv spots. Nyquil's agency is D'Arcy Masius Benton & Bowles.

### Alka-Seltzer Plus

Alka-Seltzer Plus Cold Medicine, which has been on the shelf some 20 years, came out with a night-time line extension last year. Although the name states that the Miles Inc. product is for colds, the lemon-flavored tablets that fizz and dissolve when dropped into water may also be used for common flu, sinus congestion and hay fever.

Unlike Nyquil, Alka-Seltzer Plus Night-Time Cold Medicine doesn't contain alcohol. However, it does contain an analgesic for sinus headaches. "Most allergy medications don't have an analgesic," says Gordon E. Compton, group product manager.

Compton reports that the target audience for Alka-Seltzer Plus is "more downscale than other cold remedies.

**Nyquil and Contac liquid are both 25% alcohol.**

We generally try and feature middle-class people." Compton says that the original 50-year-old Alka-Seltzer for upset stomachs achieved popularity and growth with downscale users. "It's not viewed as a technologically whizzy-type product, like a prescription product becoming an over-the-counter product," explains Compton.

Alka-Seltzer Plus is positioned as fast, effective relief for tough winter colds. "We focus on the speed of relief; because it's effervescent, it dissolves before you take it," adds Compton.

The marketing has changed in the past 10 years. During the 1978-79 cold season, Alka-Seltzer Plus was reformulated and the amount of decongestant doubled. Compton says the advertising was "pretty much all over the block." That's when the company began using testimonial-type advertising. The format has changed from testimonials of "tough cities" to individuals or "real people, not actors." For example, one tv spot featured Libby Riddles, who won the Alaskan Idiatrod sled dog race in 1985 and actually used Alka-Seltzer Plus.

About 80% of Alka-Seltzer Plus ad dollars are in tv. Network is used for the most part. Earlier this year, Alka-Seltzer Plus appeared during *Jake & the Fatman, Wise Guy, Tour of Duty* and soaps, sports and game shows. Compton says that the brand averages about three different commercial executions between September and April. The spots are 30- and 15-seconds. Thirty-second radio spots air on network radio, and Alka-Seltzer Plus also advertises in free-standing-inserts in Sunday newspapers and co-op advertising with the trade.

Compton says that business has grown because of increased media spending. It also was helped by "significant sampling through direct mail." Samples go to single-dwelling households. "We try to restrict sampling to make sure it gets in adult hands," notes Compton. There also is some convention sampling.

Wells, Rich, Greene is the agency. LNA's figure of $22.5 million is "pretty close for last year," says Compton, who will only say the expenditures are "more this year."

### Sudafed

Sudafed, a Burroughs Wellcome Co. product, has been a non-prescription decongestant for colds and allergies for 28 years. The line includes

***Sudafed makes much of its lack of side effects.***

tablets, 12-hour capsules and a children's liquid, all of which are decongestants that are said to work "without drowsiness." Sudafed Plus contains an additional antihistamine, an ingredient that may cause drowsiness.

It took Sudafed until October 1984 to advertise on national tv. BAR reports that in the first quarter of 1988, Sudafed advertised on network tv during *Cheers, The Cosby Show, My Two Dads,* soaps and game shows and network evening movies. In the first half of the year, Sudafed ads ran on Fox during *Women in Prison, Werewolf, Duet* and *21 Jump St.* and in cable on networks such as CNN and TBS.

Sudafed Sinus, which contains a decongestant and analgesic, made its debut last summer with a national tv campaign, trial-size displays, refund offers and coupons. The product also boasts that it works "without drowsiness."

LNA reports that in 1987, Sudafed had about $9.6 million in ad expenditures. Media Records says that $69,101 was spent on newspaper advertising last year. McCaffery & McCall is the agency.

### Actifed

Another Burroughs Wellcome product, Actifed, did the prescription-to-OTC transformation in 1983. Initially, the product wasn't advertised, but then it capitalized on its association with the National Aeronautics and Space Administration. In 1968, Actifed began rocketing out of this world with the astronauts, and consequently Actifed's first spokesman was Wally Schirra, the first astronaut to take Actifed in space. The flag-waving didn't stop there, and even Actifed's packaging became red, white and blue.

Actifed, an antihistamine and decongestant, is available in capsules or tablets, and also in 12-hour capsules and syrup form. BAR reports that the products advertised earlier this year on network tv during shows such as *Spenser: For Hire, West 57th Street, J.J. Starbuck, Dynasty, Dolly, Miami Vice* and soaps and game shows. On syndication, Actifed ads appeared during Fox Network's *Boys Will Be Boys, Mr. President* and *Married With Children*. CNN and TBS represented cable. Actifed also does couponing at the stores and offered a $2 mail-in refund last summer.

LNA reported that Actifed's ad expenditures in 1987 amounted to almost $11 million. McCaffery & McCall is the agency.

### Contac

Contac, which stands for continuous action, has not had continuous top-market share action since it held 42% of the pie back in the 1960s. The 27-year-old brand lost out to Dristan in the late 1960s, according to Packaged Facts.

The brand, which is owned by Smith Kline Beckman, also has had its share of bad luck. It certainly has not been helped by the flood of prescription-turned-OTC products on the market. If that wasn't enough, rat poison was discovered in several capsules of Contac in 1986. The company voluntarily withdrew the product from market. Packaged Facts reports that a new tamper-free, safety-sealed Contac bounced back less than two months later, partially because of Contac's old established name.

But J. Richard Wuest, professor of clinical pharmacy at the University of Cincinnati, says that the scare as well as a reformulation has hurt Contac. "It doesn't stop the runny nose as well anymore," claims Wuest. Extract of belladonna was removed from Contac

***FSIs are standard operating procedure for most entries.***

because the possibility of side effects was too great, he explains.

Contac has several line extensions, including its capsules and caplets for "12-hour relief," a caplet for "severe cold formula," and a night-time cold medicine that "tastes better than Nyquil" but contains the same 25% alcohol content. There also is a children's product, Contac Jr., a non-drowsy cold liquid, which is used according to a child's weight. Contac products also may be used for allergies.

Contac's tagline, "Until there's a cure, there's Contac," has been used since the products' re-introduction in 1986. As does most of its competitors, Contac advertises on tv, but in 15-second spots only. The commercials earlier this year were shown on network evening movies, daytime soap operas and game shows, according to BAR.

Contac also appeared on syndicated shows such as *Hit Squad* and *The Oprah Winfrey Show* and cable tv's TBS movie presentation.

Contac also drops FSIs in Sunday newspapers and advertises on billboards. BBDO is the agency.

Spokesman Remi Heymsfeld says that LNA's estimate of close to $15 million for last year is "in the ballpark."

### Dimetapp

Dimetapp, owned by A.H. Robins, is another prescription-turned-OTC product that actually made its mark as a liquid-cold medication for children. "It was great," says Harold Cohen, pharmacy editor of *Drug Store News*. When he was still working as a pharmacist, he recalls that it was the "only thing children would take."

Dimetapp products include the 12-hour Extentabs decongestants/antihistamines, Dimetapp Plus, which also contains an analgesic, and the Elixir, "with a great grape taste," which is recommended for adults and children 12 and older.

BAR reports that Dimetapp advertised during first quarter on network tv shows such as *Murder, She Wrote* and *Matlock*, as well as morning and evening news and soap operas, though fewer than its competitors. For the first half of the year, LNA reports that Dimetapp advertised in the Seven Sisters magazines and also *New Woman, Parents, Working Mother* and *Working Woman*.

In 1987, Dimetapp's ad expenditures amounted to $22.7 million, according to LNA. Scali, McCabe, Sloves is the agency.

*Dimetapp offers a variety of forms.*

### Comtrex

Bristol-Myers' Comtrex is one of the rare brands that came out in the last 10 years and wasn't a prescription drug. The "parent" Comtrex, as they call it, has the usual antihistamine and decongestant, but it also has an analgesic and a cough suppressant. It comes in tablet, caplet and liquid form.

Last year Comtrex wanted to capitalize on the allergy market and introduced Allergy Sinus Comtrex. It has everything the parent Comtrex has except the cough suppressant.

The target audience is 18- to 49-year-olds with an emphasis on women, who tend to purchase more cold products. A secondary target is households with children because they often have more colds.

Patti Kriger, group product manager for Bristol-Myers' personal and healthcare products, says, "The advertising is designed to communicate that Comtrex is a multi-symptom product that relieves more symptoms than competitors' products." The tagline is "Comtrex. That's all. Nothing else." That tagline has been used for five years. A testimonial campaign has been running for three years.

Comtrex airs its 30- and 15-second commercials on all dayparts, prime time and late night tv. Network is primarily used and also syndication and cable. Spot tv is used on a limited basis. In the first half of the year, BAR reports that Comtrex commercials

*Comtrex plays up its multi-symptom strengths.*

aired during soaps and game shows, *Late Night with David Letterman, Kate & Allie, thirtysomething, Falcon Crest* and the *ABC Evening Movie*, all on network tv. On syndicated tv, spots appeared during *Hit Squad, Star Search* and *Lifestyles of the Rich and Famous*, and on cable, Comtrex used USA, CNN and TBS networks. Advertising, created by Laurence, Charles, Free & Lawson, is primarily done September through March.

Comtrex isn't airing on radio or appearing in magazines. However, it makes use of FSIs in Sunday newspapers and point-of-purchase coupon pads. Comtrex is looking into providing a toll-free, informational number in the future. It is also one of about eight Bristol-Myers' brands that participates in the Meals on Wheels program. Kriger explains that 25 cents per

*It took 40 years for Benadryl to go over-the-counter.*

40-cent to 50-cent coupon is donated toward weekend meals, which are funded by private-sector support.

LNA reported last year that Comtrex had almost $14 million in ad expenditures. Kriger says that the figure is "in the ballpark."

## ALLERGY RELIEVERS

### Benadryl

Benadryl, a prescription drug since 1946, went OTC almost 40 years later in 1985. This number-one OTC allergy product recently introduced its Benadryl Plus for colds.

The basic Benadryl is an antihistamine. There also is Benadryl decongestant, and this too contains an antihistamine. The new cold formula goes a step further and includes a non-aspirin pain reliever in addition to the decongestant and antihistamine. There also is an allergy "elixir" for children.

**Tv is used heavily to push the medications, but many are turning to 15s to try and save money without losing impact.**

Benadryl's positioning relies heavily on its former prescription status, hence the tagline, "The most prescribed allergy medication ever." Jack Voller, Benadryl's product manager at Parke-Davis, a Warner-Lambert unit, says that while colds and allergies cut across demographic segments, the people that treat them tend to be upscale. He adds that women treat them more than men.

Benadryl has one 30-second spot, but it uses mostly 15-second commercials. "We have found that in terms of the delivery of the message, they are efficient," says Voller. "The cost of a 15-second spot is 75% the cost of a :30. Depending on the buys, you can deliver more impressions per dollar." He adds that while "clutter is a concern, so far, the spots are working very well." BAR reports that in the second quarter of 1988, Benadryl appeared on network evening news, while the elixir also appeared on soaps and game shows and prime-time shows, including *I Married Dora* and *Moonlighting*. Benadryl also advertises in 30-second radio spots. "Warner-Lambert is one of the biggest radio advertisers," says Voller.

Print ads are used, mostly in the Seven Sisters and also *Time*, for example, as well as FSIs in Sunday newspapers. Benadryl boxes also have a toll-free information number

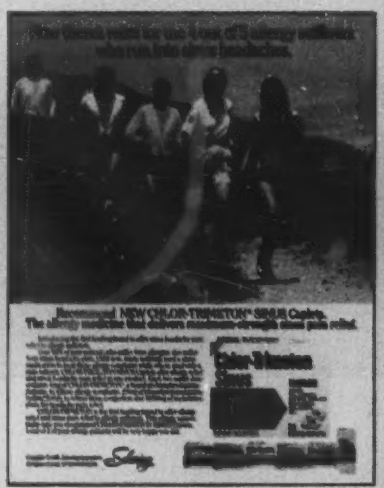
Sudler & Hennessey is the agency. Voller says that LNA's 1987 media expenditure estimate of $14 million without FSIs "doesn't sound too outlandish."

### Chlor-Trimeton

Chlor-Trimeton, which went OTC in 1975, has several line extensions, ranging from 4 mg. to 12 mg. for "maximum strength allergy relief." There also is Chlor-Trimeton with decongestant for sinus-congestion relief.

The target is generally the allergy sufferer, says Lauren Raabe, brand manager for Chlor-Trimeton, which is marketed by Schering. "It's a big target, anyone from 18 to 55." There are some geographic skews that vary from season to season, depending on the ragweed. "We try to take the geography into consideration, but it's hard to plan when buying media nine months in advance if the South will be particularly hard hit," explains Raabe. "The general message is pretty much the same and goes national. The allergy seasons are pretty well defined even if they move regionally."

The bulk of the media spending goes to tv "because the medium is so expensive," says Raabe. There are 15-second spots and also a :30 that has a tag promoting the new sinus product.




*A small budget pushed magazines out of Chlor-Trimeton's plan.*

The product appeared on the medication standby of soaps and game shows and some late-night tv during second quarter of this year, according to BAR. In the first quarter, Chlor-Trimeton appeared on shows such as the *$100,000 Pyramid*, and Fox's *21 Jump St.* and *The Tracey Ullman Show*. On cable, Chlor-Trimeton ads aired on CBN, TBS and USA networks.

Magazines weren't used this year. Raabe says that because Chlor-Trimeton was working with a limited budget, advertising dollars were put toward tv. The product is also promoted heavily to physicians through sampling and detail pieces, although not through journal ads. Free-standing-inserts also have been used this year in Sunday newspapers.

Raabe says that LNA's estimate of $4.5 million in media expenditures last year "sounds about right." He then goes on to add, "It's probably about the same for this year."

Ogilvy & Mather was the agency earlier this year, but was dropped. Raabe wouldn't elaborate, but she did say that O&M still was the agency for Drixoral, another cold product by Schering. A new agency for Chlor-Trimeton was still under consideration at press time.

**"Until the big OTC switches, Allerest was the biggest product in the market," says Pennwalt's Shea.**

### Allerest

"Until the big OTC switches," says Bernard Shea, senior vice president, health, of Pennwalt Corp., "Allerest was the biggest product in the market." Allerest, an original over-the-counter antihistamine and decongestant targeted at allergy sufferers, got its start in the late 1960s.

Twenty years later, Allerest has joined the market in expanding into a variety of forms, including regular, children's and 12-hour-strength tablets. There is also a headache strength that includes an analgesic.

Allerest is advertised seasonally during March and April and also during the early fall. Tv is used less frequently and only on cable and spot. Earlier this year, BAR reports that Allerest commercials aired on cable's USA Network during *Airwolf, Mike Hammer* and *Alfred Hitchcock*, for example, and also on CNN during the evening news and *Larry King*.

Shea says that in-store promotion and FSIs in Sunday newspapers and coupons are used. "You normally find with a well-known product that those are the things that usually make people decide to buy," he explains. Allerest also is offering a deal of 36 tablets for the price of 24.

Levy, King & White, Buffalo, N.Y., is the agency. LNA reports that Allerest had $1.4 million in ad expenditures last year. ■

When one wrong decision could cost you your life, you learn to ask questions. It is a lesson of war. That's why veterans tend to be tough consumers. Offer them something "free" and they will suspect you. Give them honest value and they will respect you. Prove you are worthy of their trust and they will become loyal customers.
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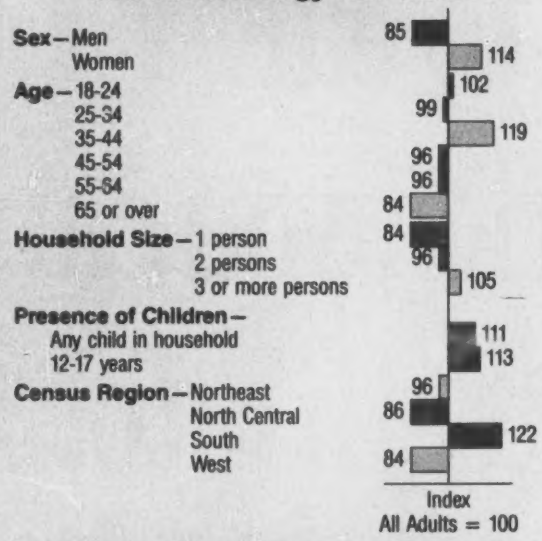
# BRAND REPORT INDEX

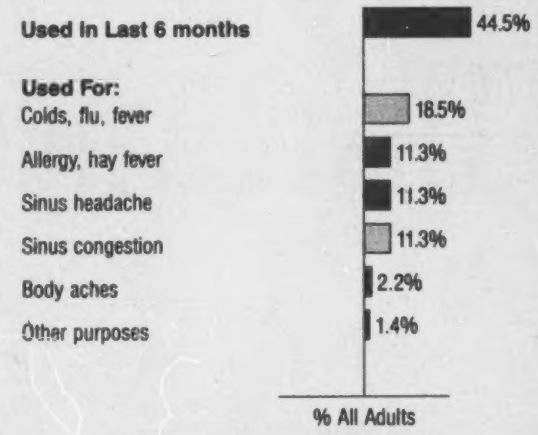
# ALLERGY & COLD MEDICATIONS

**How to read:** Our indices of user demographics and media preferences are used to indicate the direction and amount of difference from the average. The index of the average is, by definition, 100. Thus, an index of 112 reflects a 12% above-average incidence. An index of 89 indicates an 11% below-average incidence.

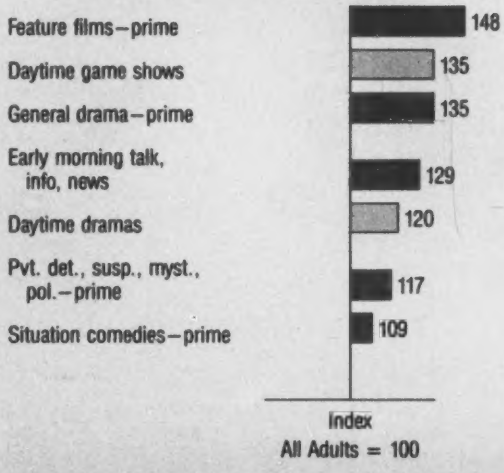
## KEY DEMOGRAPHICS
## Heavy Users of Cold, Sinus and Allergy Remedies



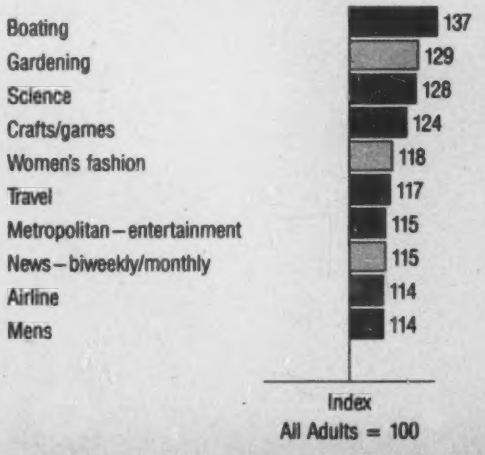

## USAGE OF COLD, SINUS AND ALLERGY REMEDIES




## PREFERRED TV PROGRAM TYPES
## Heavy Users of Cold, Sinus and Allergy Remedies




## PREFERRED MAGAZINE TYPES
## Heavy Users of Cold, Sinus and Allergy Remedies




Source: Mediamark Research Inc. Spring 1988

# CONSIDERING CLOUT

## INTO THE POOL

Having been on the client side of the advertising business for 20 years, I've developed some biases about what an advertising agency should do for a client. And it always starts with keeping the client's best interests in mind.

In today's economy, a client's best interests definitely include efficient media buys. We have a continuing need to effectively introduce new products and services and maintain a level of awareness to protect the investment we've made in our brand. Many factors exist simultaneously, making this job more difficult. First, our target customer — the affluent and active adult — is getting even more mobile and harder to reach with media. Plus the media choices are proliferating at an ever increasing rate. More research and more knowledge about the choices are needed. On top of all of this we're caught in an upward spiral of media costs. Do you ever hear of prices staying the same, let alone going down? This demands serious attention to more effective media buys.

That's why I've always been open to means for getting more of our message to our target customers while holding the line on costs. Pooling of media-buying functions between agencies is one of the newer concepts designed to meet that objective.

It is certainly not without possible pitfalls, not the least of which is confidentiality where competitive accounts are combined. I would want to be assured that different buyers would be used to execute buys in the case of a competitve situation. I would also want to be sure that the media planners, who should become an even more integral part of strategic planning for the client, would exercise tight control over the performance of the buying function. While I would need to be convinced about the ability of these arrangements to overcome these issues, I'm very receptive to proposals that can stretch our media dollars further.

It's actually not much different from the agency-of-record strategy where one agency is selected among multiple agencies for a client to provide the media-buying function. The result is the same: more buying power, or "clout."

The European market seems an appropriate location for the testing of the agency joint-venture media-buying concept because of the consolidation that is already taking place there. I'm sure a lot of lessons will need to be learned before this notion can be brought to the U.S. And if the concept can be successfully tested in Europe, there will still be unique concerns that will need to be addressed before it could be implemented in the U.S.

I applaud the agencies for being proactive in understanding and finding new ways to address the concerns of their clients over the shrinking dollar. It's a controversial move, but old ways of doing business need to be challenged in order to survive in a changing marketplace. With no direct control over these factors, we need to find creative ways to meet our objectives. We hire our agencies to work on our behalf. They are our partners in meeting our goals, and as such I believe they would find a way to make pooled media buying work, or not do it at all.

---

*Jan Soderstrom is a vice president of advertising and marketing communications at Visa USA.*

### OUR READERS TELL US . . .

While more than half of the advertisers polled by Research USA, Chicago, believe that media-buying "clout" exists and leads to better media efficiencies, only 17% of their agencies are considering combining their media-buying operations with another agency.

AGENCY SURVEY (Base = 105)

1. Are you considering combining media-buying operations with another agency?

| | |
|---|---|
| Yes | 19.0% |
| No | 81.0% |

If "yes," what are your reasons for considering this change?

| | |
|---|---|
| Cost savings | 0% |
| Media effeciencies | 25.0% |
| Both | 65.0% |
| Other | 10% |

(Base = 20)

2. What are your clients' reactions to the consolidation concept?

| | |
|---|---|
| Very favorable | 1.9% |
| Favorable | 3.8% |
| Non-committal | 32.4% |
| Negative | 17.1% |
| Very negative | 4.8% |
| Don't know | 23.8% |
| No answer | 16.2% |

3. With which media do you think pooled media negotiations would be most effective?

| | |
|---|---|
| Network tv | 58.1% |
| Cable tv | 42.9% |
| Spot tv | 44.8% |
| Syndicated tv | 39.0% |
| Newspapers | 19.0% |
| Magazines | 41.0% |

# POLL

## TAKING THE HIGH GROUND

How to gain media clout? How to get better deals? How about more efficiency?

Mega-media mergers? Sorry. I see a lot more questions than answers.

Why would an advertiser support these mergers? More clout? For whom? The nation's biggest advertisers already have it. Many of the advertisers and agencies involved in merger discussions have already reached the critical mass that's meaningful in the mature U.S. market.

Why would big advertisers want to help smaller advertisers benefit from their huge buying power? Why would smaller advertisers believe there would be any major benefits that would trickle down to them?

And who still believes that size alone is the driving force in the market? Over the last few years, the winning clients and agencies succeeded — not because of size — but from innovative buying talent.

They bought smarter, not bigger

The winners in the media marketplace combined highly targeted, creative media planning and buying. They knew when to move; how to negotiate; when to be flexible and open to opportunities.

This is a marketing issue: buying and selling, supply and demand. And as in most consumer-marketing arenas, mass and bulk just don't do it anymore.

How will the tv networks react when a mega-media buying group comes asking for a price deal? Frankly, the networks know that the big advertisers need them. It's the smaller advertisers who can be more flexible in seeking out media alternatives.

It may be the smaller advertiser who has more bargaining leverage, and the networks won't lose as much profit in dealing with them.

And what about conflicts? Proponents of mergers assume that it's a concern related to *planning*, not buying.

That's simply naive!

How can clients who guard against competitive conflicts at the account, creative and media-planning levels close their eyes to media buying?

Media buying is the execution of a media plan. The media plan reflects marketing objectives and strategy. Period. Timing, weight, media selection — all indicate marketing approach, major introductions, promotions and activity. The competition is too tough to risk sharing that kind of information.

And how would this "impartial" media-buying group decide which client gets the prime spot, the sponsorship opportunity, the last-minute deal?

The bigger client? The more profitable client? The client who's put the account up for review?

Why would an agency encourage its agency to merge media buying? Because the client feels it's not getting effective results? Would you encourage merging creative teams because creative was weak?

No, you would help correct the situation or you would switch agencies. Media-buying talent is just as precious and just as important. If your agency doesn't have it, there are alternatives.

Media mergers aren't the answer to a marketers' dream. But they sure do raise a lot of questions.

*Mary Lou Quinlan is the director of advertising at Avon Products, Inc., U.S. Direct Selling.*

| | |
|---|---|
| Outdoor | 15.2% |
| Spot radio | 34.3% |
| Network radio | 38.1% |

4. In which form would a consolidated buying service best operate?

| | |
|---|---|
| As a separate office | 67.6% |
| From within one of the participating agencies | 18.1% |
| No answer | 14.3% |

ADVERTISER SURVEY (Base = 88)

1. Is your agency considering combining media-buying operations with another agency?

| | |
|---|---|
| Yes | 17.0% |
| No | 83.0% |

2. Do you think pooled media buys would necessarily present a conflict of interest for participating agencies?

| | |
|---|---|
| Yes | 73.9% |
| No | 26.1% |

3. Does media clout really lead to better media efficiencies in the U.S.?

| | |
|---|---|
| Yes | 64.8% |
| No | 30.7% |

4. Would you drop your agency as a media buyer if it merged its media-buying operations with another agency?

| | |
|---|---|
| Yes | 35.2% |
| No | 56.8% |
| No answer | 8.0% |

5. How do you believe consolidated media buying will affect strategy?

| | |
|---|---|
| Positively | 17.0% |
| Negatively | 55.0% |
| No change | 27.3% |

# ECONOMIC EYE

## NUMBERS SLUMBER

Cable guru Paul Kagen has come up with some revealing statistics concerning network audience erosion. Based on Nielsen figures, Paul Kagan Associates has determined that in the past eight seasons ('80-'81 through '87-'88), the average final season rating for prime-time network broadcast has fallen 23%.

| MAGAZINE AD SCORECARD | Ad Pages Sept. 1988 | % change from Sept. 1987 | Dollars spent (000) | % change from Sept. 1987 |
|---|---|---|---|---|
| 1. Skin Care, Creams, Lotions and Oils | 134.11 | −27.2% | $ 5,254.2 | −3.9% |
| 2. Lip and Eye Beauty Products | 181.52 | +96.7 | 5,709.5 | +73.1 |
| 3. Scents and Fragrances | 226.85 | +7.7 | 5,936.4 | +9.8 |
| 4. Facial Makeup Products | 151.47 | +34.9 | 6,599.7 | 44.1 |
| 5. Prepared Dinners and Entrees (including Pizza) | 27.16 | −8.5 | 1,761.4 | −13.9 |
| 6. Liquor | 345.66 | −4.5 | 16,349.9 | +5.4 |
| 7. Cigarettes | 644.16 | +14.1 | 35,531.2 | +18.6 |
| 8. Soaps and Detergents | 30.54 | −44.3 | 1,991.2 | −40.2 |
| 9. Passenger Cars, Domestic | 193.48 | +14.9 | 11,936.5 | +12.6 |
| 10. Passenger Cars, Imported | 431.61 | +32.6 | 20,800.9 | +51.0 |

*Source: Publishers Information Bureau as prepared by Leading National Advertisers*

## MEDIA COST INDEX

1985 = 100 ← 1987 → ← 1988 →

| | Dec. | % change | Jan. | % change | Feb. | % change | March | % change | April | % change | May | % change | June | % change | July | % change |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| Network TV | | | | | | | | | | | | | | | | |
| Daytime | 82 | −4 | 92 | 0 | 80 | −7 | 82 | −7 | 78 | −15 | 76 | −18 | 73 | −22 | 81 | −17 |
| Nighttime | 111 | +2 | 112 | +5 | 148 | +41 | 113 | +13 | 99 | −0 | 110 | −0 | 122 | +8 | 110 | +0.3 |
| Spot TV | | | | | | | | | | | | | | | | |
| Prime time | 123 | +6 | 128 | −1 | 130 | −2 | 115 | −12 | 125 | −9 | 126 | −8 | 125 | −4 | – | – |
| Daytime | 105 | ±0 | 123 | −5 | 108 | ±0 | 98 | −9 | 95 | −18 | 103 | −13 | 93 | −10 | – | – |
| Network radio | 106 | +6 | 147 | +6 | 129 | −7 | 121 | −4 | 116 | +0 | 116 | +2 | 116 | +2 | 102 | −0.5 |
| Spot radio | | | | | 106 | +3 | | | – | – | 101 | +3 | – | – | – | – |
| Consumer magazines | 113 | +5 | 114 | +5 | 115 | +5 | 115 | +4 | 115 | +5 | 115 | +5 | 115 | +5 | 115 | +5 |
| Natl. Sunday mags | 106 | +12 | 117 | +13 | 116 | +13 | 116 | +13 | 116 | +13 | 116 | 13 | 116 | +13 | 116 | +13 |
| Business publications | 113 | +5 | 117 | +5 | 117 | +5 | 117 | +5 | 117 | +5 | 117 | +5 | 117 | +5 | 117 | +5 |
| Newspapers | 116 | +7 | 124 | +7 | 124 | +7 | 124* | +7 | 124 | +7 | 124 | +7 | 124 | +7 | 124 | +7 |
| Outdoor | 118 | +12 | 123 | +11 | 123 | +11 | 123 | +11 | 123 | +8 | 123 | +8 | 123 | +8 | 123 | +8 |

Notes: Percentage shown is relative change from the same month/period the year before.
*Revised

Sources:

**Nighttime Network TV**—Cost per average 30-second spot, 7:30-11 p.m. Monday-Saturday and 7-11 p.m. Sunday from Broadcast Advertisers Reports' (BAR) Network TV Service.

**Daytime Network TV**—Cost per average 30-second spot, 10 a.m.-4:30 p.m. Monday-Friday from BAR's Network TV Service.

**Network Radio**—Cost per average 30-second radio announcement from BAR's Network Radio Service.

**Consumer Magazines** estimate based on reported SRDS cost of a page, four-color in 40 national consumer magazines, as reported by Magazine Publishers Assn.

**National Sunday Mags** estimate based on published (rate cards) costs of a page, four-color in the national entries.

**Daily Newspapers** estimate based on Newspaper Advertising Bureau report of SRDS costs per column inch of a sample of 784 newspapers weighted to represent the universe.

**Outdoor Posters** based on estimate prepared by Institute of Outdoor Advertising.

**Spot Radio** index represents cost of a 60-second spot in the top 100 markets from data supplied to Radio Expenditure Reports by major radio representatives.

**Business Publications** estimate based on reported SRDS cost of a page, four-color in 48 publications representing 42 business and professional classifications.